

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7179**

**BILL NUMBER:** HB 1341

**DATE PREPARED:** Jan 8, 2002

**BILL AMENDED:**

**SUBJECT:** HMO Risk-Based Capital.

**FISCAL ANALYST:** Michael Molnar

**PHONE NUMBER:** 232-9559

**FUNDS AFFECTED:** X **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill applies the risk-based capital requirements for insurance companies to health maintenance organizations (HMOs) and limited service health maintenance organizations (LSHMOs). The bill allows the Insurance Commissioner to exempt certain HMOs and LSHMOs from the requirements. The bill requires an HMO and an LSHMO to file an informational risk-based capital report in 2002 for the calendar year ending December 31, 2001.

**Effective Date:** Upon passage; December 31, 2002.

**Explanation of State Expenditures:** The Department of Insurance can administer this provision with existing staff and resources. The same risk-based capital reporting requirement exists for life, property, and casualty insurance currently.

There are currently 17 domestic HMOs and LSHMOs in the state of Indiana. Of these, 15 voluntarily file risk-based capital reports currently. The other two companies are exempt from the provisions of this bill due to their enrollment levels and written premium totals.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Insurance.

**Local Agencies Affected:**

**Information Sources:** Greg Thomas, Department of Insurance, (317) 232-2406.